

VERMONT 1115 DEMONSTRATION
THE VERMONT LONG-TERM CARE PLAN

Revised Budget Neutrality Projections
May 7, 2004

Overview of Revised Budget Neutrality Projections

The budget neutrality tables have been revised to incorporate minor adjustments and to include all Medicaid costs for individuals receiving long-term care services. Budget neutrality will continue be measured on an aggregate basis.

The revised tables are:

- Table 1 – Historical Caseload by Service Setting
- Table 2a – Historical Medicaid Expenditures (Other than Nursing Facility, HCBS and ERC)
- Table 2b – Historical Aggregate and Per Capita Expenditures by Service Setting
- Table 3 – Projected Caseload by Service Setting – Without and With Waiver
- Table 4 – Annual Per Capita Expenditures by Service Setting – Without and With Waiver
- Table 5 – Aggregate Expenditures by Service Setting – Without and With Waiver

The revised tables continue to reflect a number of updates and adjustments that were not part of the original submission, as summarized below:

- The historical tables have been updated to include utilization and expenditure data for State Fiscal Year 2003, which now serves as the base year. The five-year historical trends have been advanced one year, to the period SFY 1999 – 2003.
- Caseload and expenditure projections have been updated in accordance with the new five-year history.
- “Applied Revenues”, which include patient share-of-cost amounts, have been added to the historical and projected expenditure tables.
- “Other Medicaid Expenditures”, which include all Medicaid expenditures for individuals receiving long-term care services, have been added to the historical and projected expenditure tables.

- The per capita costs for Nursing Facility residents under the waiver have been increased by 2 percent, versus the without waiver projection, to account for expected changes in case mix following placement of additional potential Nursing Facility residents into HCBS. The per capita costs for these HCBS enrollees also have been increased by 2 percent, versus other HCBS enrollees, to account for the relatively higher expected case mix for this group as compared to other HCBS enrollees.

The historical data presented in this chapter was extracted from Vermont's eligibility and claims payment systems, as well as the State's CMS-64 reports. The demographic and medical inflation trends applied to the historical data are an extrapolation of historical trends, with some adjustments to caseload based on expected growth rates among the elderly and adult disabled populations in Vermont.

Described below, please find a summary of each table, as well as a summary of the revisions that have been incorporated into this submission.

Table 1 – Historical Caseload by Service Setting

The portion of the existing Vermont Medicaid population to be enrolled under the 1115 waiver consists of persons ages 18 and older who are residents of a Nursing Facility or enrolled into either the 1915(c) Home- and Community-Based Services (HCBS) waiver or Enhanced Residential Care (ERC) waiver. All Medicaid services for these three groups are currently reimbursed on a fee-for-service basis and will continue to be so under the waiver.

Table 1 presents five years of detailed historical caseload data, starting with State Fiscal Year 1999 and running through State Fiscal Year 2003.

Nursing Facility caseload has been gradually declining in Vermont for many years, which is largely due to the existing State 1915(c) waivers designed to offer home- and community-based service options to persons in need of long-term care.

Over these same five years, HCBS waiver member months grew at an annual rate of thirteen percent, or more than 63 percent for the five-year period. ERC caseload grew by nearly 92 percent over the same five-year period.

Table 2a – Historical Medicaid Expenditures (Other Than Nursing Facility, HCBS and ERC)

Table 2a presents historical (acute care) Medicaid expenditures for dates of service within State Fiscal Years 2000-2003. The data was extracted from the Vermont Medicaid Management Information System (MMIS).

The data includes all Medicaid services for individuals who also received Nursing Facility, HCBS and/or ERC services in a given month. The only two Medicaid services excluded from the analysis were Community Rehabilitation and Treatment (CRT) [long-term mental health] services and Home and Community-Based Services for Individuals with Mental Retardation, as

these expenditures are subject to existing waiver limits. Other Medicaid Expenditures for individuals receiving HCBS and ERC services were combined, due to the fact that there is substantial overlap among individuals receiving both HCBS and ERC services in a given month.

Table 2b – Historical Per Capita and Aggregate Expenditures by Service Setting

Table 2b summarizes historical expenditures for long-term care services, other Medicaid expenditures, and individual cost sharing (Applied Revenues) for State Fiscal Years 1999 through 2003.

Long-term care expenditures (Nursing facility, HCBS and ERC) were extracted from the CMS-64 Reports for each State Fiscal Year.

Other Medicaid Expenditures are carried over from Table 2a. Other Medicaid Expenditures for SFY99 were imputed, based on SFY00 expenditures and the average annual growth rate between SFY00 and SFY03. Expenditures were allocated to the HCBS and ERC program based on the actual caseloads for the two programs. For example, HCBS caseload for 1999 was 587 (88.8 percent) and ERC caseload was 74 (11.2 percent); therefore, 88.8 percent of Other Medicaid Expenditures were attributed to HCBS and 11.2 percent were attributed to ERC.

The second chart within Table 2b (Annual Per Capita Expenditures) presents the historical, per capita expenditures for the three programs. The per capita amounts are equal to the aggregate expenditures (Table 2b, Aggregate Expenditures) divided by program caseload (Table 1).

Table 3 – Projected Caseload by Service Setting – Without and With Waiver

Table 3 presents the projected caseload in absence of the waiver. The methodology used to project caseload is based on historical trends and other studies of projected long-term care needs in the State of Vermont. (This methodology was described in detail, as part of the original submission).

The “with waiver” chart displays the projected enrollment among the three service settings: the Highest Need, High Need and Moderate Need groups. The waiver program is expected to increase enrollment into HCBS programs by seven percent. Overall, the program will serve an additional 250 individuals with long-term care needs in the first year.

Table 4 – Annual Per Capita Expenditures by Service Setting – Without and With Waiver

Table 4, (Without Waiver) presents the projected, per capita expenditures in the absence of the Waiver. Annual trend rates are based on historical trend rates for the period from SFY99 through SFY03.

The trend rate for ERC – Applied Revenues was derived from the historical trend rate for HCBS – Applied Revenues. This substitution was made due to the large growth in ERC – Applied Revenues between SFY00 and SFY03 (61 percent annually), which does not appear to be a valid basis for projection of future growth.

Table 4 (With Waiver – Highest Need Group and With Waiver- High Need and Moderate Need Groups) provides the projected per capita expenditures under the waiver.

Highest Need Group

Per Capita expenditures for the Highest Need Group were increased by two percent to reflect higher overall case mix for this group as individuals with less complex needs transition to the High Needs Group. Other Medicaid expenditures also were increased by two percent to reflect the higher case mix. Per capita applied revenues were not adjusted.

Per capita costs for individuals expected to transition from Nursing Homes to HCBS (“HCBS Growth Due to Waiver”) were derived from projected HCBS per capita costs, increased by two percent to reflect the higher case mix for this transitional group relative to the existing HCBS population. Other Medicaid Expenditures for individuals transitioning from Nursing Homes to HCBS also are expected to be two percent higher than the existing HCBS group’s per capita expenditures.

High Need Group

Per capita expenditures for the High Need Group are based on existing per capita costs, reduced by 10 percent to reflect the relatively lighter needs of this group. Projected Applied Revenues for the High Need Group are equal to projected Applied Revenues for the Highest Need Group.

Moderate Need Group

The Moderate Need Group represents an expansion in eligibility for long-term care services. Projected per capita costs were derived through estimation of the average resource usage for individuals enrolled in this group. Services expected to be provided to the Moderate Need Group include Adult Day, Homemaker and Case Management services.

Table 5 – Aggregate Expenditures by Service Setting – Without and With Waiver

Table 5 presents the aggregate projected expenditures without and with the waiver. These figures were calculated by multiplying projected caseload (Table 3) by projected per capita costs (Table 4). As indicated, in Table 5, (Aggregate Expenditure Summary-Without and With Waiver), projected expenditures under the waiver are below projected expenditures, absent the Waiver, in each of the Demonstration Years. The waiver is expected to produce an aggregate surplus of \$9.59 million over the five-year period.

Table 1
Vermont LTC Plan – Historical Caseload by Service Setting

Table 1
Vermont LTC Plan - Historical Caseload by Service Setting

Service Setting	State Fiscal Year					Percent Change	
	1999	2000	2001	2002	2003	Avg Annual	Five Years
Nursing Facility	2,330	2,284	2,173	2,073	2,101	-2.6%	-9.8%
HCBS	587	640	729	863	958	13.0%	63.2%
HCBS - ERC	<u>74</u>	<u>87</u>	<u>111</u>	<u>128</u>	<u>142</u>	<u>17.7%</u>	<u>91.9%</u>
Total Recipients	2,991	3,011	3,013	3,064	3,201	1.7%	7.0%

Table 2a**Vermont LTC Plan – Historical Medicaid Expenditures (Other Than Nursing Facility, HCBS and ERC)*****Nursing Facility***

Service	State Fiscal Year				Percent Change	
	2000	2001	2002	2003	Avg Annual	Four Years
Inpatient Hospital	\$ 336,646	\$ 624,758	\$ 688,702	\$ 403,077	6.2%	19.7%
Inpatient Hospital - Behavioral	23,693	37,401	13,049	28,978	6.9%	22.3%
Inpatient Hospital - NF	515,490	548,545	131,410	167,580	-31.2%	-67.5%
Outpatient Hospital	83,243	98,782	97,656	102,832	7.3%	23.5%
Physician	131,573	183,976	193,611	172,687	9.5%	31.2%
Pharmacy	6,799,709	7,343,712	7,867,954	8,593,153	8.1%	26.4%
Pharmacy Rebate	(1,203,548)	(1,409,993)	(1,725,442)	(1,977,284)	18.0%	64.3%
Home Health	44,705	54,129	47,636	55,230	7.3%	23.5%
Hospice	29,612	32,799	27,944	61,011	27.2%	106.0%
Adult Day Treatment	8,014	11,222	6,421	5,473	-11.9%	-31.7%
Targeted Case Management	13,900	20,717	21,006	19,657	12.2%	41.4%
Ambulance	27,554	35,433	37,183	45,620	18.3%	65.6%
Non-Medical Residential Facility	-	16,678	28,858	35,372	-	-
Optometrist/Optician	11,412	4,495	6,353	2,945	-36.3%	-74.2%
Podiatrist	1,359	1,466	1,884	2,384	20.6%	75.4%
Psychologist	1,590	1,056	1,604	2,323	13.5%	46.1%
MR Clinic	310,492	301,601	262,258	251,612	-6.8%	-19.0%
Mental Health Clinic	8,086	9,336	12,519	8,580	2.0%	6.1%
Alcohol/Substance Abuse	235	732	2,381	227	-1.1%	-3.2%
Dental	109,012	106,347	94,714	74,079	-12.1%	-32.0%
Transportation	14,732	16,630	25,448	46,544	46.7%	215.9%
Vocational Rehabilitation	14,781	2,008	-	25,516	20.0%	72.6%
Case Manager/Social Worker	-	92	486	78	-	-
Licensed Nurse	917	-	-	-	-100.0%	-100.0%
Audiologist	5,531	5,540	9,764	7,454	10.5%	34.8%
Medical Supplies, DME, Orthotics	64,079	49,702	46,501	67,130	1.6%	4.8%
Inpatient Crossovers	559,963	661,724	679,868	698,546	7.6%	24.7%
Professional Part B Crossovers	891,592	959,086	1,067,642	1,062,939	6.0%	19.2%
Other	180,417	121,832	46,230	8,845	-63.4%	-95.1%
Total Acute	\$ 8,984,787	\$ 9,839,806	\$ 9,693,640	\$ 9,972,588	3.5%	11.0%

Table 2a (continued)

Vermont LTC Plan – Historical Medicaid Expenditures (Other Than Nursing Facility, HCBS and ERC)

HCBS & HCBS-ERC

Service	State Fiscal Year				Percent Change	
	2000	2001	2002	2003	Avg Annual	Four Years
Inpatient Hospital	\$ 347,095	\$ 421,214	\$ 381,193	\$ 932,303	39.0%	168.6%
Inpatient Hospital - Behavioral	-	-	66,788	21,172	-	-
Inpatient Hospital - NF	-	1,238	5,740	3,826	-	-
Outpatient Hospital	175,057	154,067	299,395	214,497	7.0%	22.5%
Physician	101,620	137,914	219,187	199,896	25.3%	96.7%
Pharmacy	2,314,906	2,976,742	3,767,007	4,416,464	24.0%	90.8%
Pharmacy Rebate	(462,981)	(595,348)	(753,401)	(883,293)	24.0%	90.8%
Home Health	1,535,200	1,743,410	2,063,697	2,261,005	13.8%	47.3%
Hospice	776	3,977	17,672	5,485	91.9%	607.1%
Adult Day Treatment	4,677	25,132	39,147	28,186	82.0%	502.6%
Targeted Case Management	1,108	1,108	723	2,746	35.3%	147.8%
Ambulance	21,784	25,048	29,719	44,105	26.5%	102.5%
Non-Medical Residential Facility	5,445	692,562	1,183,113	1,191,602	502.6%	21783.5%
Optometrist/Optician	5,954	3,717	6,436	1,496	-36.9%	-74.9%
Podiatrist	420	436	339	1,031	34.9%	145.6%
Psychologist	5,648	2,878	3,715	3,948	-11.2%	-30.1%
MR Clinic	244	203	122	471	24.6%	93.5%
Mental Health Clinic	5,034	15,838	21,345	17,880	52.6%	255.2%
Alcohol/Substance Abuse	-	1,446	5,564	6,120	-	-
Dental	46,898	49,810	58,981	44,294	-1.9%	-5.6%
Transportation	341,766	422,818	538,551	727,479	28.6%	112.9%
Vocational Rehabilitation	-	20,543	6,655	4,289	-	-
Case Manager/Social Worker	-	-	1,951	4,814	-	-
Licensed Nurse	309,806	373,168	358,996	176,419	-17.1%	-43.1%
Audiologist	2,763	3,580	6,935	9,516	51.0%	244.4%
Medical Supplies, DME, Orthotics	531,165	559,339	685,104	798,118	14.5%	50.3%
Inpatient Crossovers	614,361	611,622	580,592	568,266	-2.6%	-7.5%
Professional Part B Crossovers	599,922	723,616	918,278	1,016,250	19.2%	69.4%
Other	30,228	15,702	37,468	60,535	26.0%	100.3%
Total Acute	\$ 6,538,895	\$ 8,391,778	\$ 10,551,012	\$ 11,878,918	22.0%	81.7%

Table 2a (continued)

Vermont LTC Plan – Historical Medicaid Expenditures (Other Than Nursing Facility, HCBS and ERC)

Combined

Service	State Fiscal Year				Percent Change	
	2000	2001	2002	2003	Avg Annual	Four Years
Inpatient Hospital	\$ 683,741	\$ 1,045,973	\$ 1,069,895	\$ 1,335,380	25.0%	95.3%
Inpatient Hospital - Behavioral	23,693	37,401	79,837	50,150	28.4%	111.7%
Inpatient Hospital - NF	515,490	549,783	137,150	171,406	-30.7%	-66.7%
Outpatient Hospital	258,299	252,849	397,051	317,330	7.1%	22.9%
Physician	233,193	321,889	412,798	372,583	16.9%	59.8%
Pharmacy	9,114,615	10,320,454	11,634,962	13,009,617	12.6%	42.7%
Pharmacy Rebate	(1,666,530)	(2,005,341)	(2,478,844)	(2,860,577)	19.7%	71.6%
Home Health	1,579,905	1,797,538	2,111,333	2,316,235	13.6%	46.6%
Hospice	30,388	36,776	45,616	66,496	29.8%	118.8%
Adult Day Treatment	12,691	36,354	45,567	33,659	38.4%	165.2%
Targeted Case Management	15,008	21,826	21,729	22,404	14.3%	49.3%
Ambulance	49,338	60,481	66,901	89,725	22.1%	81.9%
Non-Medical Residential Facility	5,445	709,240	1,211,971	1,226,974	508.5%	22433.0%
Optometrist/Optician	17,365	8,212	12,789	4,441	-36.5%	-74.4%
Podiatrist	1,779	1,902	2,223	3,415	24.3%	92.0%
Psychologist	7,238	3,933	5,319	6,272	-4.7%	-13.3%
MR Clinic	310,735	301,804	262,380	252,084	-6.7%	-18.9%
Mental Health Clinic	13,120	25,174	33,863	26,460	26.3%	101.7%
Alcohol/Substance Abuse	235	2,179	7,945	6,347	200.1%	2602.0%
Dental	155,910	156,157	153,695	118,372	-8.8%	-24.1%
Transportation	356,499	439,447	563,998	774,022	29.5%	117.1%
Vocational Rehabilitation	14,781	22,551	6,655	29,805	26.3%	101.6%
Case Manager/Social Worker	-	92	2,438	4,891	-	-
Licensed Nurse	310,723	373,168	358,996	176,419	-17.2%	-43.2%
Audiologist	8,294	9,120	16,699	16,969	26.9%	104.6%
Medical Supplies, DME, Orthotics	595,244	609,042	731,605	865,248	13.3%	45.4%
Inpatient Crossovers	1,174,323	1,273,346	1,260,460	1,266,813	2.6%	7.9%
Professional Part B Crossovers	1,491,515	1,682,702	1,985,919	2,079,189	11.7%	39.4%
Other	210,645	137,534	83,699	69,380	-30.9%	-67.1%
Total Acute	\$ 15,523,682	\$ 18,231,583	\$ 20,244,652	\$ 21,851,506	12.1%	40.8%

Table 2b**Vermont Long Term Care – Historical Aggregate and Per Capita Expenditures by Service Setting***Aggregate*

Service Setting	State Fiscal Year					Percent Change	
	1999	2000	2001	2002	2003	Avg Annual	Five Years
Nursing Facility							
Medicaid NF Per Diems	\$ 75,726,707	\$ 80,569,879	\$ 80,508,083	\$ 91,420,716	\$ 95,249,747	5.9%	25.8%
Other Medicaid Expenditures	\$ 8,677,600	\$ 8,984,787	\$ 9,839,806	\$ 9,693,640	\$ 9,972,588	3.5%	14.9%
Applied Revenues(1)	<u>\$ 19,468,173</u>	<u>\$ 20,279,347</u>	<u>\$ 20,358,585</u>	<u>\$ 21,865,473</u>	<u>\$ 22,740,092</u>	<u>4.0%</u>	<u>16.8%</u>
Sub-Total NF	\$ 103,872,480	\$ 109,834,013	\$ 110,706,474	\$ 122,979,829	\$ 127,962,427	5.4%	23.2%
HCBS							
Medicaid HCBS Payments	\$ 8,232,901	\$ 11,833,772	\$ 13,493,438	\$ 19,317,629	\$ 23,260,998	29.7%	182.5%
Other Medicaid Expenditures	\$ 4,759,717	\$ 5,756,386	\$ 7,282,864	\$ 9,188,217	\$ 10,345,458	21.6%	117.4%
Applied Revenues(1)	<u>\$ 261,899</u>	<u>\$ 335,162</u>	<u>\$ 428,715</u>	<u>\$ 500,925</u>	<u>\$ 525,914</u>	<u>19.0%</u>	<u>100.8%</u>
Sub-Total HCBS	\$ 13,254,517	\$ 17,925,320	\$ 21,205,017	\$ 29,006,771	\$ 34,132,370	26.7%	157.5%
HCBS - ERC							
Medicaid ERC Payments	\$ 771,737	\$ 1,025,352	\$ 1,219,894	\$ 1,770,393	\$ 2,156,820	29.3%	179.5%
Other Medicaid Expenditures	\$ 600,033	\$ 782,509	\$ 1,108,914	\$ 1,362,795	\$ 1,533,460	25.1%	155.6%
Applied Revenues(1)	<u>\$ 7,565</u>	<u>\$ 11,573</u>	<u>\$ 39,941</u>	<u>\$ 80,806</u>	<u>\$ 97,534</u>	<u>89.5%</u>	<u>1189.3%</u>
Sub-Total HCBS-ERC	\$ 1,379,335	\$ 1,819,434	\$ 2,368,749	\$ 3,213,994	\$ 3,787,814	28.7%	174.6%
Total Expenditures	\$ 118,506,332	\$ 129,578,767	\$ 134,280,239	\$ 155,200,594	\$ 165,882,611	8.8%	40.0%

Table 2b (continued)

Vermont Long Term Care – Historical Aggregate and Per Capita Expenditures by Service Setting

Annual Per Capita

Service Setting	State Fiscal Year					Percent Change	
	1999	2000	2001	2002	2003	Avg Annual	Five Years
Nursing Facility							
Medicaid NF Per Diems	\$ 32,501	\$ 35,276	\$ 37,049	\$ 44,101	\$ 45,335	8.7%	39.5%
Other Medicaid Expenditures	\$ 3,724	\$ 3,934	\$ 4,528	\$ 4,676	\$ 4,747	6.3%	27.4%
Applied Revenues	\$ 8,355	\$ 8,879	\$ 9,369	\$ 10,548	\$ 10,823	6.7%	29.5%
Sub-Total NF	\$ 44,580	\$ 48,088	\$ 50,946	\$ 59,325	\$ 60,905	8.1%	36.6%
HCBS							
Medicaid HCBS Payments	\$ 14,025	\$ 18,490	\$ 18,510	\$ 22,384	\$ 24,281	14.7%	73.1%
Other Medicaid Expenditures	\$ 8,109	\$ 8,994	\$ 9,990	\$ 10,647	\$ 10,799	6.3%	33.2%
Applied Revenues	\$ 446	\$ 524	\$ 588	\$ 580	\$ 549	5.3%	23.0%
Sub-Total HCBS	\$ 22,580	\$ 28,008	\$ 29,088	\$ 33,612	\$ 35,629	12.1%	57.8%
HCBS - ERC							
Medicaid ERC Payments	\$ 10,429	\$ 11,786	\$ 10,990	\$ 13,831	\$ 15,189	9.9%	45.6%
Other Medicaid Expenditures	\$ 8,109	\$ 8,994	\$ 9,990	\$ 10,647	\$ 10,799	6.3%	33.2%
Applied Revenues	\$ 102	\$ 133	\$ 360	\$ 631	\$ 687	61.0%	571.9%
Sub-Total HCBS-ERC	\$ 18,640	\$ 20,913	\$ 21,340	\$ 25,109	\$ 26,675	9.4%	43.1%
Average Per Capita Expend.	\$ 39,621	\$ 43,035	\$ 44,567	\$ 50,653	\$ 51,822	6.9%	30.8%

Table 3
Vermont Long Term Care – Projected Caseload by Service Setting – Without and With Waiver

Without Waiver

Service Setting	Pre-Waiver (Info Only)		State Fiscal Year					Percent Change	
	2003 (actual)	2004 (est.)	2005	2006	2007	2008	2009	Avg Ann	Five Years
Nursing Facility	2,101	2,122	2,143	2,165	2,186	2,208	2,230	1.0%	4.1%
HCBS	958	1,083	1,224	1,383	1,564	1,767	1,998	13.0%	63.2%
HCBS - ERC	<u>142</u>	<u>167</u>	<u>197</u>	<u>232</u>	<u>273</u>	<u>321</u>	<u>378</u>	<u>17.7%</u>	<u>91.9%</u>
Total Recipients	3,201	3,372	3,564	3,780	4,022	4,296	4,605	6.6%	29.2%

With Waiver

Service Setting	State Fiscal Year					Percent Change	
	2005	2006	2007	2008	2009	Avg Ann	Five Years
Highest Need							
Nursing Facility	1,972	1,981	1,990	1,998	2,007	0.4%	1.8%
HCBS	954	1,097	1,260	1,446	1,657	14.8%	73.7%
HCBS growth due to waiver	141	152	163	174	185	7.0%	30.9%
HCBS-ERC	<u>197</u>	<u>232</u>	<u>273</u>	<u>321</u>	<u>378</u>	<u>17.7%</u>	<u>91.9%</u>
Sub-Total Highest Need	3,264	3,462	3,685	3,939	4,227	6.7%	29.5%
High Need(1)							
Nursing Facility	30	32	34	36	38	6.0%	26.2%
HCBS	<u>270</u>	<u>286</u>	<u>303</u>	<u>322</u>	<u>341</u>	<u>6.0%</u>	<u>26.2%</u>
Sub-Total High Need	300	318	337	357	379	6.0%	26.2%
Moderate Need (expansion)	<u>250</u>	<u>275</u>	<u>303</u>	<u>333</u>	<u>366</u>	<u>10.0%</u>	<u>46.4%</u>
Total Recipients	3,814	4,055	4,325	4,629	4,971	6.9%	30.4%
Net change in number served:			250	275	302	333	366

Notes

1 High Need line includes persons re-classified from NF or HCBS lines under the waiver.

Table 4**Vermont LTC Plan – Annual Per Capita Expenditures by Service Setting – Without and With Waiver*****Without Waiver***

Service Setting	Pre-Waiver Pd (Info Only)		State Fiscal Year					Percent Change	
	2003 (actual)	2004 (est.)	2005	2006	2007	2008	2009	Avg Annual	Five Years
Nursing Facility									
Medicaid NF Per Diems	\$ 45,335	\$ 49,271	\$ 53,547	\$ 58,195	\$ 63,246	\$ 68,736	\$ 74,703	8.7%	39.5%
Other Medicaid Expenditures	\$ 4,747	\$ 5,043	\$ 5,358	\$ 5,693	\$ 6,049	\$ 6,427	\$ 6,829	6.3%	27.4%
Applied Revenues	10,823	11,546	12,318	13,141	14,018	14,955	15,954	6.7%	29.5%
Sub-Total NF	\$ 60,905	\$ 65,860	\$ 71,223	\$ 77,029	\$ 83,314	\$ 90,118	\$ 97,485	8.2%	36.9%
HCBS									
Medicaid HCBS Payments	\$ 24,281	\$ 27,852	\$ 31,950	\$ 36,649	\$ 42,041	\$ 48,225	\$ 55,319	14.7%	73.1%
Other Medicaid Expenditures	\$ 10,799	\$ 11,477	\$ 12,198	\$ 12,964	\$ 13,778	\$ 14,643	\$ 15,563	6.3%	27.6%
Applied Revenues	549	578	609	641	675	711	749	5.3%	23.0%
Sub-Total HCBS	\$ 35,629	\$ 39,908	\$ 44,756	\$ 50,255	\$ 56,494	\$ 63,579	\$ 71,631	12.5%	60.0%
HCBS - ERC									
Medicaid ERC Payments	\$ 15,189	\$ 16,686	\$ 18,332	\$ 20,139	\$ 22,125	\$ 24,307	\$ 26,703	9.9%	45.7%
Other Medicaid Expenditures	\$ 10,799	\$ 11,477	\$ 12,198	\$ 12,964	\$ 13,778	\$ 14,643	\$ 15,563	6.3%	27.6%
Applied Revenues	687	723	762	802	845	890	937	5.3%	23.0%
Sub-Total HCBS-ERC	\$ 26,675	\$ 28,887	\$ 31,292	\$ 33,906	\$ 36,748	\$ 39,840	\$ 43,204	8.4%	38.1%
Average Per Capita Expenditures	\$ 51,822	\$ 55,694	\$ 59,930	\$ 64,587	\$ 69,734	\$ 75,447	\$ 81,821	8.1%	36.5%

Table 4 (continued)

Vermont LTC Plan – Annual Per Capita Expenditures by Service Setting – Without and With Waiver

With Waiver - Highest Need Group

Service Setting	State Fiscal Year					Percent Change	
	2005	2006	2007	2008	2009	Avg Annual	Five Years
Highest Need							
Nursing Facility							
Medicaid NF Per Diems(1)	\$ 54,618	\$ 59,359	\$ 64,511	\$ 70,111	\$ 76,197	8.7%	39.5%
Other Medicaid Expenditures	\$ 5,466	\$ 5,807	\$ 6,170	\$ 6,556	\$ 6,966	6.3%	27.4%
Applied Revenues	\$ 12,318	\$ 13,141	\$ 14,018	\$ 14,955	\$ 15,954	6.7%	29.5%
Sub-Total NF	\$ 72,402	\$ 78,307	\$ 84,700	\$ 91,622	\$ 99,116	8.2%	36.9%
HCBS							
Medicaid HCBS Payments	\$ 31,950	\$ 36,649	\$ 42,041	\$ 48,225	\$ 55,319	14.7%	73.1%
Other Medicaid Expenditures	\$ 12,198	\$ 12,964	\$ 13,778	\$ 14,643	\$ 15,563	6.3%	27.6%
Applied Revenues	\$ 609	\$ 641	\$ 675	\$ 711	\$ 749	5.3%	23.0%
Sub-Total HCBS	\$ 44,756	\$ 50,255	\$ 56,494	\$ 63,579	\$ 71,631	12.5%	60.0%
HCBS Growth Due to Waiver							
Medicaid HCBS Payments	\$ 32,589	\$ 37,382	\$ 42,881	\$ 49,189	\$ 56,425	14.7%	73.1%
Other Medicaid Expenditures	\$ 12,442	\$ 13,223	\$ 14,054	\$ 14,936	\$ 15,874	6.3%	27.6%
Applied Revenues	\$ 609	\$ 641	\$ 675	\$ 711	\$ 749	5.3%	23.0%
Sub-Total New HCBS	\$ 45,639	\$ 51,247	\$ 57,610	\$ 64,837	\$ 73,048	12.5%	60.1%
ERC							
Medicaid ERC Payments	\$ 18,332	\$ 20,139	\$ 22,125	\$ 24,307	\$ 26,703	9.9%	45.7%
Other Medicaid Expenditures	\$ 12,198	\$ 12,964	\$ 13,778	\$ 14,643	\$ 15,563	6.3%	27.6%
Applied Revenues (2)	\$ 762	\$ 802	\$ 845	\$ 890	\$ 937	5.3%	23.0%
Sub-Total HCBS-ERC	\$ 31,292	\$ 33,906	\$ 36,748	\$ 39,840	\$ 43,204	8.4%	38.1%
<i>Sub-Total Highest Need</i>	<i>\$ 60,684</i>	<i>\$ 65,256</i>	<i>\$ 70,310</i>	<i>\$ 75,929</i>	<i>\$ 82,206</i>	<i>7.9%</i>	<i>35.5%</i>

Table 4 (continued)

Vermont LTC Plan – Annual Per Capita Expenditures by Service Setting – Without and With Waiver

With Waiver - High Need and Moderate Need Groups

Service Setting	State Fiscal Year					Percent Change	
	2005	2006	2007	2008	2009	Avg Annual	Five Years
High Need(3)							
Nursing Facility							
Medicaid NF Per Diems	\$ 48,193	\$ 52,376	\$ 56,922	\$ 61,863	\$ 67,232	8.7%	39.5%
Other Medicaid Expenditures	\$ 4,823	\$ 5,124	\$ 5,444	\$ 5,785	\$ 6,146	6.3%	27.4%
Applied Revenues	\$ 12,318	\$ 13,141	\$ 14,018	\$ 14,955	\$ 15,954	6.7%	29.5%
Sub-Total NF	\$ 65,333	\$ 70,640	\$ 76,384	\$ 82,602	\$ 89,332	8.1%	36.7%
HCBS							
Medicaid HCBS Payments	\$ 28,755	\$ 32,984	\$ 37,836	\$ 43,402	\$ 49,787	14.7%	73.1%
Other Medicaid Expenditures	\$ 10,978	\$ 11,668	\$ 12,400	\$ 13,179	\$ 14,007	6.3%	27.6%
Applied Revenues	\$ 609	\$ 641	\$ 675	\$ 711	\$ 749	5.3%	23.0%
Sub-Total HCBS	\$ 40,342	\$ 45,293	\$ 50,912	\$ 57,293	\$ 64,543	12.5%	60.0%
<i>Sub-Total High Need</i>	<i>\$ 42,841</i>	<i>\$ 47,828</i>	<i>\$ 53,459</i>	<i>\$ 59,824</i>	<i>\$ 67,022</i>	<i>11.8%</i>	<i>56.4%</i>
Moderate Need (expansion) (4)							
HCBS	\$ 3,252	\$ 3,731	\$ 4,280	\$ 4,909	\$ 5,631	14.7%	73.1%
Moderate Need Applied Revs (5)	\$ 136	\$ 155	\$ 178	\$ 205	\$ 235	14.7%	73.1%
<i>Sub-Total Moderate Need</i>	<i>\$ 3,388</i>	<i>\$ 3,886</i>	<i>\$ 4,458</i>	<i>\$ 5,114</i>	<i>\$ 5,866</i>	<i>14.7%</i>	<i>73.1%</i>

Average Per Capita Expenditures: Highest Need, High Need and Moderate Need Groups Combined

	State Fiscal Year					Percent Change	
	2005	2006	2007	2008	2009	Avg Annual	Five Years
Average Per Capita Expenditures	\$ 55,525	\$ 59,727	\$ 64,391	\$ 69,595	\$ 75,429	8.0%	35.8%

Notes:

- 1 Nursing Facility and HCBS ("growth due to waiver" line) per capita expenses increased 2% under waiver to reflect potential case mix change
- 2 Applied revenues per-capita trend for ERC reduced to HCBS-applied revenues trend rate due to limitations in historical data for ERC clients
- 3 High Needs group split 90%/10% between HCBS and NF. Per capita costs set equal to 90% of traditional HCBS and NF costs respectively
- 4 Moderate Needs group represents a pure expansion. Costs adjusted from earlier models based on refined Homemaker and Adult Day Health use rate projections
- 5 Moderate Needs group Applied Revenues equal to four percent of projected per capita service costs

Table 5
Vermont LTC Plan – Aggregate Expenditures by Service Setting – Without and With Waiver

Without Waiver

Service Setting	Pre-Waiver Pd (Info Only)		State Fiscal Year					Five Years
	2003 (actual)	2004 (est.)	2005	2006	2007	2008	2009	
Nursing Facility								
Medicaid NF Per Diems	\$ 95,249,747	\$ 104,552,599	\$ 114,764,043	\$ 125,972,817	\$ 138,276,330	\$ 151,781,503	\$ 166,605,699	\$ 697,400,391
Other Medicaid Expenditures	\$ 9,972,588	\$ 10,701,834	\$ 11,484,406	\$ 12,324,203	\$ 13,225,410	\$ 14,192,518	\$ 15,230,346	\$ 66,456,882
Applied Revenues	<u>22,740,092</u>	<u>24,501,721</u>	<u>26,399,821</u>	<u>28,444,962</u>	<u>30,648,536</u>	<u>33,022,817</u>	<u>35,581,029</u>	<u>154,097,165</u>
Sub-Total NF	\$ 127,962,427	\$ 139,756,155	\$ 152,648,269	\$ 166,741,982	\$ 182,150,276	\$ 198,996,838	\$ 217,417,073	\$ 917,954,438
HCBS								
Medicaid HCBS Payments	\$ 23,260,998	\$ 30,159,445	\$ 39,103,746	\$ 50,700,631	\$ 65,736,772	\$ 85,232,138	\$ 110,509,188	\$ 351,282,474
Other Medicaid Expenditures	\$ 10,345,458	\$ 12,427,821	\$ 14,929,328	\$ 17,934,346	\$ 21,544,222	\$ 25,880,704	\$ 31,090,045	\$ 111,378,644
Applied Revenues	<u>525,914</u>	<u>626,065</u>	<u>745,288</u>	<u>887,214</u>	<u>1,056,168</u>	<u>1,257,296</u>	<u>1,496,726</u>	<u>5,442,692</u>
Sub-Total HCBS	34,132,370	43,213,331	\$ 54,778,361	\$ 69,522,191	\$ 88,337,161	\$ 112,370,138	\$ 143,095,959	\$ 468,103,810
HCBS - ERC								
Medicaid ERC Payments	\$ 2,156,820	\$ 2,788,881	\$ 3,606,169	\$ 4,662,964	\$ 6,029,456	\$ 7,796,401	\$ 10,081,154	\$ 32,176,144
Other Medicaid Expenditures	\$ 1,533,460	\$ 1,918,229	\$ 2,399,543	\$ 3,001,626	\$ 3,754,781	\$ 4,696,914	\$ 5,875,443	\$ 19,728,306
Applied Revenues	<u>97,534</u>	<u>120,905</u>	<u>149,876</u>	<u>185,788</u>	<u>230,306</u>	<u>285,491</u>	<u>353,899</u>	<u>1,205,360</u>
Sub-Total HCBS-ERC	\$ 3,787,814	\$ 4,828,015	\$ 6,155,587	\$ 7,850,378	\$ 10,014,543	\$ 12,778,806	\$ 16,310,496	\$ 53,109,811
Total Expenditures	\$ 165,882,611	\$ 187,797,501	\$ 213,582,217	\$ 244,114,551	\$ 280,501,981	\$ 324,145,782	\$ 376,823,528	\$ 1,439,168,059

Table 5 (continued)

Vermont LTC Plan – Aggregate Expenditures by Service Setting – Without and With Waiver

With Waiver Highest Need Group

Service Setting	State Fiscal Year					Five Years
	2005	2006	2007	2008	2009	
Highest Need						
Nursing Facility						
Medicaid NF Per Diems	\$ 107,694,578	\$ 117,570,430	\$ 128,348,090	\$ 140,109,505	\$ 152,944,031	\$ 646,666,634
Other Medicaid Expenditures	\$ 10,776,966	\$ 11,502,178	\$ 12,275,826	\$ 13,101,113	\$ 13,981,458	\$ 61,637,541
Applied Revenues	\$ 24,287,835	\$ 26,027,140	\$ 27,890,168	\$ 29,885,650	\$ 32,022,926	\$ 140,113,719
Sub-Total NF	\$ 142,759,379	\$ 155,099,749	\$ 168,514,083	\$ 183,096,268	\$ 198,948,415	\$ 848,417,894
HCBS						
Medicaid HCBS Payments	\$ 30,477,354	\$ 40,211,578	\$ 52,982,859	\$ 69,724,323	\$ 91,652,833	\$ 285,048,947
Other Medicaid Expenditures	\$ 11,635,878	\$ 14,224,050	\$ 17,364,322	\$ 21,171,762	\$ 25,785,102	\$ 90,181,115
Applied Revenues	\$ 580,875	\$ 703,665	\$ 851,256	\$ 1,028,534	\$ 1,241,337	\$ 4,405,667
Sub-Total HCBS	\$ 42,694,107	\$ 55,139,293	\$ 71,198,436	\$ 91,924,619	\$ 118,679,273	\$ 379,635,729
HCBS Growth Due to Waiver						
Medicaid HCBS Payments	\$ 4,609,930	\$ 5,689,459	\$ 6,992,220	\$ 8,561,170	\$ 10,447,128	\$ 36,299,907
Other Medicaid Expenditures	\$ 1,760,014	\$ 2,012,534	\$ 2,291,593	\$ 2,599,596	\$ 2,939,137	\$ 11,602,874
Applied Revenues	\$ 86,139	\$ 97,608	\$ 110,139	\$ 123,813	\$ 138,720	\$ 556,419
Sub-Total New HCBS	\$ 6,456,083	\$ 7,799,600	\$ 9,393,951	\$ 11,284,579	\$ 13,524,986	\$ 48,459,200
ERC						
Medicaid ERC Payments	\$ 3,606,169	\$ 4,662,964	\$ 6,029,456	\$ 7,796,401	\$ 10,081,154	\$ 32,176,144
Other Medicaid Expenditures	\$ 2,399,543	\$ 3,001,626	\$ 3,754,781	\$ 4,696,914	\$ 5,875,443	\$ 19,728,306
Applied Revenues	\$ 149,876	\$ 185,788	\$ 230,306	\$ 285,491	\$ 353,899	\$ 1,205,360
Sub-Total HCBS-ERC	\$ 6,155,587	\$ 7,850,378	\$ 10,014,543	\$ 12,778,806	\$ 16,310,496	\$ 53,109,811
<i>Sub-Total Highest Need</i>	\$ 198,065,157	\$ 225,889,021	\$ 259,121,014	\$ 299,084,273	\$ 347,463,170	\$ 1,329,622,634

Table 5 (continued)

Vermont LTC Plan – Aggregate Expenditures by Service Setting – Without and With Waiver

With Waiver - High Need and Moderate Need Groups

Service Setting	State Fiscal Year					Five Years
	2005	2006	2007	2008	2009	
High Need						
Nursing Facility						
Medicaid NF Per Diems	\$ 1,445,775	\$ 1,665,545	\$ 1,918,721	\$ 2,210,382	\$ 2,546,377	\$ 9,786,800
Other Medicaid Expenditures	\$ 144,678	\$ 162,944	\$ 183,516	\$ 206,684	\$ 232,778	\$ 930,601
Applied Revenues	\$ 369,533	\$ 417,871	\$ 472,532	\$ 534,343	\$ 604,239	\$ 2,398,518
Sub-Total NF	\$ 1,959,987	\$ 2,246,360	\$ 2,574,768	\$ 2,951,409	\$ 3,383,395	\$ 13,115,919
HCBS						
Medicaid HCBS Payments	\$ 7,763,752	\$ 9,440,148	\$ 11,478,522	\$ 13,957,033	\$ 16,970,719	\$ 59,610,174
Other Medicaid Expenditures	\$ 2,964,105	\$ 3,339,266	\$ 3,761,910	\$ 4,238,047	\$ 4,774,448	\$ 19,077,776
Applied Revenues	\$ 164,412	\$ 183,549	\$ 204,912	\$ 228,763	\$ 255,389	\$ 1,037,025
Sub-Total HCBS	\$ 10,892,270	\$ 12,962,963	\$ 15,445,344	\$ 18,423,843	\$ 22,000,556	\$ 79,724,975
Sub-Total High Need	\$ 12,852,256	\$ 15,209,322	\$ 18,020,112	\$ 21,375,252	\$ 25,383,951	\$ 92,840,895
Moderate Need (expansion)						
HCBS	\$ 813,120	\$ 1,026,003	\$ 1,294,621	\$ 1,633,565	\$ 2,061,249	\$ 6,828,558
Moderate Need Applied Revs	<u>33,880</u>	<u>42,750</u>	<u>53,943</u>	<u>68,065</u>	<u>85,885</u>	<u>\$ 284,523</u>
Sub-Total Moderate Need	\$ 847,000	\$ 1,068,753	\$ 1,348,563	\$ 1,701,631	\$ 2,147,135	\$ 7,113,082

Table 5 (continued)

Vermont LTC Plan – Aggregate Expenditures by Service Setting – Without and With Waiver

Aggregate Expenditure Summary - Without and With Waiver

	State Fiscal Year					Five Years
	2005	2006	2007	2008	2009	
Without Waiver Expenditures	\$ 213,582,217	\$ 244,114,551	\$ 280,501,981	\$ 324,145,782	\$ 376,823,528	\$ 1,439,168,059
With Waiver Expenditures						
Highest Need Group	\$ 198,065,157	\$ 225,889,021	\$ 259,121,014	\$ 299,084,273	\$ 347,463,170	\$ 1,329,622,634
High Need Group	\$ 12,852,256	\$ 15,209,322	\$ 18,020,112	\$ 21,375,252	\$ 25,383,951	\$ 92,840,895
Moderate Need Group	\$ 847,000	\$ 1,068,753	\$ 1,348,563	\$ 1,701,631	\$ 2,147,135	\$ 7,113,082
Total with Waiver	\$ 211,764,413	\$ 242,167,096	\$ 278,489,689	\$ 322,161,155	\$ 374,994,256	\$ 1,429,576,610
<i>Difference: Without v. With Waiver</i>	\$ 1,817,804	\$ 1,947,455	\$ 2,012,291	\$ 1,984,626	\$ 1,829,273	\$ 9,591,449
<i>Cummulative Difference: Without v. With Waiver</i>	\$ 1,817,804	\$ 3,765,259	\$ 5,777,550	\$ 7,762,176	\$ 9,591,449	